



2009

FAIR LABOR ASSOCIATION INDEPENDENT EXTERNAL MONITORING REPORT

COMPANY: Ashworth
(acquired by adidas Group)
COUNTRY: Vietnam
FACTORY CODE: 420084185H
MONITOR: OneStep Viet Co., Limited
AUDIT DATE: August 13-14, 2009
PRODUCTS: Jackets, Blazers, Raincoats,
Coats
PROCESSES: Warehouse, Cutting, Sewing,
Ironing, Packing
NUMBER OF WORKERS: 1400

Company Comment: In 2010, the adidas-Group's Social and Environmental Affairs (SEA) Team began working on the remediation plan for this IEM audit as part of the coverage of its newly purchased brand, Ashworth. Yet, in late 2010, this factory decided to discontinue their relationship with Ashworth due to the small amount of orders received and high compliance standards. Last orders were completed in February 2011. Consequently, the SEA Team was unable to verify that the factory has completed the action items that were found to be incomplete as of the last follow-up visit in September 2010 as reported below. There were no other FLA-affiliated companies sourcing from the factory at the time of adidas-Group's exit to take over remediation.

For an explanation on how to read this report, please visit the FLA website [here](#).

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Freedom of Association: Right to Freely Associate

FOA.2 Workers, without distinction whatsoever, shall have the right to establish and, subject only to the rules of the organization concerned, to join organizations of their own choosing without previous authorization. The right to freedom of association begins at the time that a worker seeks employment, and continues through the course of employment, including eventual termination of employment, and is applicable as well to unemployed and retired workers. (S)

Noncompliance

Explanation: [FLA Comment:](#) Vietnam has not ratified ILO Conventions 87 or 98. Under Vietnamese law, all unions are required to affiliate with the single trade union, the Vietnam General Confederation of Labor (VGCL), which is affiliated with the Communist Party. With respect to such union monopolies, the ILO Committee on Freedom of Association has stated that the rights of workers to establish organizations of their own choosing implies . . . the effective possibility of forming . . . [trade unions] independent both of those which exist already and of any political party. Vietnam's legal framework is therefore not compatible with the ILO Principles on Freedom of Association and, as such, all factories in Vietnam fail to comply with the FLA Code standard on Freedom of Association.

Plan Of Action: We acknowledge that labor relations in Vietnam do not meet core ILO standards due to the maturity level of their industrial relations. We acknowledge that a long-term, joint advocacy effort is needed to enable better labor relations in Vietnam. We have met with a number of global organizations, trade unions, non-governmental organizations and multi-stakeholder initiatives regarding our approach to industrial relations. In 2008, we began implementing Human Resource Management workshops in a number of countries, including Vietnam, to raise awareness and good labor practices.

Currently, there is a trade union in the factory that is fully supported by the factory's top management. Factory management continuously trains workers on the union's function/purpose in order to raise worker awareness and understanding of 1) the union and 2) their rights and benefits if they join the trade union. All sections of the factory have 1 union representative; therefore, after a union meeting, the representatives will inform their sections of all information mentioned in the meeting. The factory has organized elections for workers' representatives; subsequently, workers elect the representatives, one of the trade union requirements.

Once representatives are chosen, a final list of trade union representatives and a statute from the trade union executive committee will be sent to the local trade union organization for approval. Factory management conducts meetings with workers' representatives every month to discuss not only work-related issues, but also to understand workers and promote the friendly atmosphere and relationship between factory management and workers.

Deadline 10/01/2010

Date:

Action adidas-Group September 2010 Update:

Taken:

1. The Factory's Collective Bargaining Agreement (CBA) was revised and approved by [City name] Department of Labor, War Invalids and Social Affairs (DOLISA) April 6, 2010.
2. According to the law, the election of the Trade Union (TU) Chairman and members was conducted September 18, 2007. Currently, there are 8 part-time members, including the Chairman, in the TU Organization. As stipulated in Trade Union law, the TU needs to be re-elected in 3 years. The next TU election will be held September 20, 2010.
3. The Trade Union monthly fee is 10.000 VND per member; this fee is deducted from the worker's salary. As a member of the TU, workers are provided with either a gift or financial support in the event of sickness, accident or family funeral. An outing trip is also scheduled 1 time per year. Also, the Trade Union is responsible for discussing with management workplace issues that workers have brought up to the union.
4. As per the current policy, workers will be automatically included in the Trade Union Organization after they fulfill their probationary time and are hired permanently. Workers can refuse to join if they do not want to, without causing any impact to the factory's decision on recruitment. The Social and Environmental Affairs (SEA) team has suggested that management reviews their union-affiliation process and creates a standardized process. A TU sign-in request form needs to be developed and implemented to ensure all workers freely join the trade union.
5. Trade Union Committee members have monthly internal meetings to discuss all work-related issues and then share/work with factory management and workers. To enhance workers' awareness about TU's function and responsibilities and to encourage them to join the TU, it has been suggested for Union management to hold meetings with workers about their rights and benefits when they join the TU. All meeting records need to be available at the time of next visit.

Plan No

Complete:

Plan

Complete

Date:

Harassment or Abuse: Discipline/Progressive Discipline

H&A.2 Employers shall have a written system of progressive discipline (e.g., a system of maintaining discipline through the application of escalating disciplinary action moving, for instance, from verbal warnings to written warnings to suspension and finally to termination). Any exceptions to this system (e.g., immediate termination for gross misconduct, such as theft or assault) shall also be in writing and clearly communicated to workers. (P)

Noncompliance

Explanation: There were several disciplinary cases where written warnings were issued because employees were not meeting production targets set by management; this principle was not included in the internal regulation or the CBA. If a worker receives 3 warning letters, it impacts their annual year-end bonus. About 30% of annual bonuses have levels that are dependent on disciplinary notes.

Plan Of Action:

1. Factory has been asked to review current labor regulations, especially the chapter on disciplinary issues. The factory has been asked to ensure the following points:
 - a) All issues must be in line with Vietnam's labor law and adidas workplace standards. Any behavior not specified in the factory regulation and CBA should not be disciplined until the factory's rules are updated.
 - b) No monetary fines should be implemented.
 - c) Develop a clear disciplinary process/procedure that enables the participation of the workers. These disciplinary procedures must be transparent and represented by employee representatives, HR and management.
 - d) The new regulation must be submitted for endorsement by local DOLISA.
2. As soon as this regulation is government approved, the company is to schedule a training session for all employees; post the regulation on the company notice board; and update the worker handbook. Training records will be kept.

Deadline Date: 06/01/2010

Action Taken: adidas-Group September 2010 Update:

1. It was verified that the company's regulations and Worker Handbook have not yet been revised. The HR department will work with local [City name] DOLISA on it. The disciplinary procedures need to be revised.
2. From January to August 2010, training records indicated that there has been no labor training provided for the workforce; the current company regulations have not been posted on the company notice board. Factory needs to schedule training for all employees and keep all records for future reference.

Plan **No**
Complete:

Plan
Complete
Date:

Code Awareness:

GEN.2 Ensure that all Company factories as well as contractors and suppliers inform their employees about the workplace standards orally and through the posting of standards in a prominent place (in the local languages spoken by employees and managers) and undertake other efforts to educate employees about the standards on a regular basis.

Noncompliance

Explanation: The company code of conduct (COC) has neither been provided nor communicated to management or workers. The company has not communicated with management about its association with FLA.

Plan Of Action:

1. The factory shall develop a more comprehensive training program that covers all relevant aspects of the COC; factory regulations; harassment and abuse; and disciplinary procedures. These training topics could also be included in monthly trainings via loudspeaker, and in quarterly trainings by line supervisors.
2. The internal SEA team should be proactive by providing management with more information about the FLA. Meetings between the SEA team and management should be conducted on a frequent basis to highlight and work on the issues found during the FLA audit. Meetings should also emphasize the factory's membership with the FLA. Meeting records should be well maintained for future reference.
3. An annual training plan shall be properly executed with full training records (training materials, attendance list, supported pictures, tests and training evaluation form for workers after each training sessions).

Deadline **06/01/2010**
Date:

Action Taken:	<p>adidas-Group September 2010 Update:</p> <ol style="list-style-type: none"> 1. No training on labor or compliance was provided to workers from January to September 2010. A training program that covers all relevant aspects of the company's COC; factory regulations; harassment and abuse; and disciplinary procedures has not been developed yet. 2. No internal meeting or update from the Compliance Team to management about FLA issues. The Operation Director has only been managing the factory for 2 months, and is not familiar with the FLA. The action plan was sent to the factory before the SEA audit, but nothing from it had been improved from, as per the FLA follow up conducted in September 2010. For better understanding about the FLA, during the closing meeting, SEA provided new management all needed information about the FLA, such as: requirements and responsibilities when being audited by FLA, brand's membership to the FLA, etc. 3. As noted in point 1, there have been no training follow-up activities.
Plan Complete:	No
Plan Complete Date:	

Code Awareness:

GEN.3 Develop a secure communications channel, in a manner appropriate to the culture and situation, to enable Company employees and employees of contractors and suppliers to report to the Company on noncompliance with the workplace standards, with security that they shall not be punished or prejudiced for doing so.

Noncompliance

Explanation: The company does not have a noncompliance mechanism that allows factory workers to directly contact the company.

Plan Of Action: 1. Management shall have in place a written grievance procedure that allows workers to first attempt to settle grievances with their supervisors. Where this is inappropriate or has failed, it will be possible for a worker to have their grievance considered at a higher managerial level (depending on nature of grievance and structure and size of enterprise).

The possible grievance system might include: workers' committee; grievance procedures; regularly scheduled meetings; ongoing job development and training; job evaluations; suggestion boxes; factory newsletters/magazines; social activities; suggestion boxes; management reports important business decisions or problems to the union, e.g., lay-offs; production problems.

2. When the grievance system is available, factory should frequently review the system to see how it is working. The timeline and person in charge of handling issues need to be reviewed. Person in charge of handling issue/complaints needs to have the ability to handle issues/complaints and management needs to be involved in handling serious grievances. Factory shall ensure that workers are familiar with grievance procedures and applicable rules. Factory needs to show the benefit of using this system to all workers by addressing grievances properly and timely. Grievance committee needs to communicate the process and policy to all workers to ensure that this system is effective. Additionally, management and union should provide verbal training on the rights and responsibilities of the factory's trade union so workers understand the difference between the factory's internal grievance systems and the trade union.

Deadline Date: 06/01/2010

**Action
Taken:**

adidas-Group September 2010 Update:

1. Written grievance system was in place, with some components included in the internal grievance system:
 - a) Written grievance policy and procedure was approved September 1, 2009. Documentation review reflected workers' suggestion letters have been collected and responded to, but there is no proper follow up to prevent the reoccurrence of issues. Factory needs to work on root cause analysis and on the public notice to workforce.
 - b) Passive communication.
 - c) Suggestion boxes. Currently, factory has 4 suggestion boxes for 1,200 workers (3 in production lines, 1 in worker canteen) with posted Standardized Operating Procedure.
 - d) No factory newsletter/magazine to enhance the quality of the internal grievance system. Suggest that factory implements this practice.
 - e) There were some social activities held by the Charity Committee, which is part of the Trade Union. These activities aimed to support the factory's poor workers with food and finances (1 time on Lunar New Year 2010, 1 time in Middle Autumn Festival 2010).
2. Factory has responded to workers' complaint letters; however, there were no frequent review meetings conducted to self-evaluate the effectiveness of the system.
3. At the time of visit, adidas workplace standards and the most updated worker hotline were posted on public notice board. Workers interviewed said that 3 out of 5 workers knew how to contact local SEA members by email, letter or telephone, with almost all of them preferring direct calling. However, for the time being, workers said that they think the internal grievance system is effective and useful for them to use. After their interviews, SEA auditors gave workers their business cards for easy contact in the future.

**Plan
Complete:**

No

**Plan
Complete
Date:**

Health and Safety: Health and Safety Management System

H&S.5 The health and safety policy shall contain the framework for a comprehensive health and safety management system within which employers' responsibilities and workers' rights and duties, various responsibilities of designated personnel, procedures that enable workers to raise health and safety concerns and procedures for reporting death, injury, illness and other health and safety issues (for instance, near-miss accidents) are clear and regularly tested and reviewed. (P)

Noncompliance

Explanation: H&S Committee is not effective. Several health and safety issues found during factory tour: aisles blocked; emergency lighting not functional; fire extinguishers blocked; no regular inspections held; no checklists found; and periodic meetings have not been held.

Plan Of Action: 1. HSE (Health, Safety and Environment) Committee will review, reschedule inspections for fire extinguishers, emergency lights, emergency exits, etc., to ensure all extinguishers are not blocked and verify that aisles will be maintained at all times. All extinguishers will be inspected weekly, with proper checklists and records available. There will be training for person responsible for conducting inspections, so they can learn inspection process.

2. Factory should establish the HSE team based on 1) Circular No: 14/1998/TTLT-BLDTBXH-BYT-TLDDLVDN dated October 31, 1998, and 2) adidas HSE guidelines for a Safety Officer Program for factories with more than 150 workers.

3. Factory should have 1 safety officer with formal H&S training based on adidas Safety Officer Program. The safety officer's roles and responsibilities must be defined by a job description and actively implemented through daily walkthrough program; risk management/risk identification; action plan; monitoring and reporting procedures; etc.

Deadline Date: 08/01/2010

Action Taken: adidas-Group September 2010 Update:

1. No periodic plan to inspect fire safety system (fire extinguishers, emergency lights/exits, aisles, etc.) Only 1 HSE-related training held, by [Employee name], HSE Officer, July 20 for 1250 workers. Training covered chemical management, personal protective equipment, and machine safety. No training on fire safety and evacuation procedures.

2. HSE Committee was established June 6, 2007 with 7 members. Yet, member list and operation policy has not been regularly reviewed or revised. Some members have left the factory, but their names still show up on the member list. Factory management should ensure that all missing members are replaced through worker election.

3. A Safety Officer, who has 8 years at the factory, was appointed; with HSE experience through work, learning, and attending numerous HSE-related local and external trainings. Job description; daily walkthrough program; risk management/identification; action plan; and monitoring and reporting procedures were not developed yet.

Plan No
Complete:

Plan
Complete
Date:

Health and Safety: Evacuation Requirements and Procedure

H&S.9 All applicable legally required or recommended elements of safe evacuation (such as posting of evacuation plans, the installation and maintenance of an employee alarm and emergency lighting systems, ensuring aisles/exits are not blocked and that workers are not blocked within their workstations, employee education, evacuation procedures, etc.) shall be complied with. Workers shall be trained in evacuation procedures. Alarm systems shall be regularly tested and evacuation drills shall be undertaken at least annually. (S)

Noncompliance

- Explanation:**
1. Several fire extinguishers blocked by materials and objects. Some cutting section evacuation aisles narrower than requirements. Some sewing section aisles blocked by material. [Vietnam National Standard no.3890:84 item 2.1; Vietnam Standards 2622:1995]
 2. Procedure for checking emergency lights was inappropriate. No records show battery life of lights. As a result, we were unable to verify if light was sufficient enough for workers to evacuate. [Vietnam Stand of Construction: 439/BXD-CSXD September 25, 1997 standard construction, Point: 11.6.1.5]
 3. Factory did not establish emergency preparedness plan or implement one in factory. [Article 9, Decree 35/2003/ND-CP dated April 4, 2003 on fire safety]

**Plan Of
Action:**

1. All fire prevention equipment needs to be tested regularly; tests must be documented on a monthly basis. Tests shall include checking: fire alarm, emergency lights, fire extinguishers, and emergency aisles. Management must ensure that all emergency aisles are expanded by a width of at least 1.1m, as per adidas standards, and kept free of obstructions and tripping hazards at all times.

2. As part of HSE management, factory must draft a clear procedure for HSE team for maintaining fire fighting equipment (emergency lighting system included) and keeping this equipment in proper working condition. This procedure should include a list of all equipment requiring inspection and criteria for inspection. HSE team members should be trained on how to properly conduct an inspection. All training and inspection records should be well maintained for future reference.

3. Factory shall establish an emergency preparedness plan that should include:

- a) Developing a clear written fire and emergency evacuation plan;
- b) Implementing following items to complete emergency preparedness program:
 - i) Develop written training procedure for employees that is properly communicated to workforce;
 - ii) Conduct an evacuation drill biannually and keep records on file;
 - iii) Carry out regular tests on alarm system, emergency lighting, sprinkler system and smoke detection, with all records kept on file;
 - iv) All fire extinguishers must be inspected by outside inspection and records must be kept on file;
- c) Making proper floor maps for all buildings (including office and dormitory). Floor maps must be of reasonable size and prominently displayed.

**Deadline
Date:** 05/15/2010

Action Taken: adidas-Group September 2010 Update:

1. Factory tour found that fire extinguishers have been inspected monthly with records available; however, obstructed fire extinguishers still found. All emergency aisles in the material warehouse have been improved to meet adidas standards (or at least 1.1m), but some aisles missing arrows. All emergency aisles in cutting and sewing section were improved in order to meet adidas' standards. However, some aisles found obstructed by goods at the time of the visit. Awareness of fire safety among workers is low.
2. Fire fighting maintenance procedure has not been created. No training provided on proper fire safety maintenance to responsible workers.
3.
 - a) Written fire and emergency evacuation plan available and approved by Factory Operation Director August 9, 2010.
 - b) Implementation of emergency preparedness program still needs to improve:
 - i) Written training procedure for employees (have not been developed yet);
 - ii) Only 1 evacuation drill conducted in 2010, factory conduct 1 more time;
 - iii) Schedule for fire extinguisher inspection by authorized third party, all records on file.
 - c) Factory floor maps are out of date and need to be revised.

Plan Complete: No

Plan Complete Date:

Health and Safety: Other - Health and Safety

Other

Noncompliance

Explanation: Factory has no wastewater treatment system in place. Wastewater is directly discharged into public drain. From local authority test results dated Dec 19, 2008, COD (Chemical Oxygen Demand) indicator was higher than standards (113 of 86.4). [Law on Environmental Protection; Article 82]

Plan Of Action: Factory will establish an effective wastewater treatment system to ensure:

1. Quality of wastewater discharged from factory's wastewater treatment plant is within local environmental regulation standards;
2. Suitable treatment methods (mechanical, biological or chemical) treat wastewater effectively.
3. Annual test is conducted on quality of wastewater discharged from WWTP (Wastewater Treatment Plant). Professionals must conduct tests and a qualified outside laboratory must check test results. All test records must be kept on file for future reference.

Deadline Date: 06/30/2010

Action Taken: adidas-Group September 2010 Update:

Wastewater treatment plan has been put in place:

1. According to environmental audit conducted by [City name] Resources and Environment Bureau June 25, 2010, wastewater emissions of discharged from factory's WWTP are within local standards.
2. Factory applied biological and chemical treatment methods to treat wastewater, and according to environmental audit report, current treatment is effective; it was recommended to continuously maintain it.
3. Factory has scheduled testing of wastewater discharge from WWTP 2 times each year. The latest test conducted July 26, 2010 by Laboratory of Geology Technology Research Center; results indicated that discharged water meets local standards. Factory will get permit of wastewater discharged by November 2010.

Plan Complete: Yes

Plan 09/16/2010
Complete
Date:

Hours of Work: General Compliance Hours of Work

HOW.1 Employers shall comply with all local laws, regulations and procedures concerning hours of work, public holidays and leave. (S)

Noncompliance

Explanation: Work exceeded legal annual overtime limit. Total overtime performed between January and July was between 300 to 350 hours. [Vietnam Labor Law, Article 69]

Plan Of Action: Factory shall review OT policy and clearly state that overtime should not exceed 300 hours per year, as noted by Vietnamese law. Factory must develop a system to ensure work hours do not exceed 300 cumulative hours per year. Factory should conduct training for the entire workforce regarding this policy. Factory must keep all related training records for future reference.

Deadline Date: 06/30/2010

Action Taken: adidas-Group September 2010 Update:
Factory has not yet developed or implemented a working hour policy and overtime monitoring system. Also, no related training for workers, managers and supervisors. Accumulative overtime report indicated that 914 out of 1450 workers exceeded the 300-hour limit; more than 50% of workforce reached 811 hours by the end of August 2010.

Plan Complete: No

Plan Complete Date:

Hours of Work: Rest Day

HOW.2 Workers shall be entitled to at least one day off in every seven-day period. If workers must work on a rest day, an alternative day off must be provided within that same seven-day period or immediately following the seven-day period. (P)

Noncompliance

Explanation: Most workers worked at least 1 Sunday in May, 2 Sundays in June and 3 Sundays in July 2009. Management did not provide reasons for the extra business circumstances on these Sundays.

Plan Of Action: All instances of Sunday work must be approved in advance by the adidas Group. These workers must receive a compensatory day off. Workers must be given 1 consecutive 24-hour period of rest per week. The rest day must not be randomly swapped without notifying SEA Manager and adidas Group country manager and providing alternative rest days.

1. All OT must be in compliance with OT policy. Overtime policy states that OT must be approved by top management and sent to HR and the Social and Environmental Affairs team for their reference and monitoring. Additionally, OT policy indicates the overtime rate for OT worked on a rest day, holiday, etc.

2. Overtime should not be more than 4 hours per day and/or 300 hours per year.

3. Workers shall be informed at least 1 day in advance if there is a plan for OT work.

4. Workers should be able to choose whether or not they want to work OT, without receiving any repercussions, should they choose not to work.

5. Factory management must provide 1 day off in a 7-day period.

6. All OT records, including OT policy trainings should be maintained internally.

Deadline 06/30/2010

Date:

**Action
Taken:**

adidas-Group September 2010 Update:

All points from 1 to 6 as suggested are pending. Working hour records reviewed from January to September 2010 showed that factory also failed to provide a rest day for any work performed on Sundays from January until the end of August 2010. 50-90% of total workforce did not have any days off for 8 months.

Below are records of Sunday work:

January 2010: 4 Sundays (1221 workers)

February 2010: 3 Sundays (538 workers)

March 2010: 4 Sundays (749 workers)

April 2010: 5 Sundays (48 workers)

May 2010: 4 Sundays (522 workers)

June 2010: 4 Sundays (1150 workers)

July 2010: 5 Sundays (1035 workers)

August 2010: 4 Sundays (817 workers)

September 10: 1 Sunday (645 workers)

**Plan
Complete:**

No

**Plan
Complete
Date:**

Hours of Work: Time Recording System

HOW.6 Time worked by all workers, regardless of compensation system, shall be fully documented by time cards or other accurate and reliable recording systems such as electronic swipe cards. Employers are prohibited from maintaining multiple time-keeping systems and/or false records for any fraudulent reason, such as to falsely demonstrate working hours. Time records maintained shall be authentic and accurate. (P)

Noncompliance

Explanation: Factory workers worked excessive overtime in recent months. Because many clients do not accept Sunday work and excessive overtime, management maintains 2 sets of payroll records and time cards. One set of records is for regular hours plus acceptable overtime, while the other is for excessive overtime and Sunday work. The workers were not required to swipe their time cards for those excessive hours (after 6:00pm or 7:00pm or a Sunday). These hours have been recorded with a separate system in a different payroll record. Management decided to record all working hours of workers in 1 time record starting from August 2009, because factory has committed to their existing clients to adhere to transparency policy requirements. However, it is recommended to have close and regular monitoring of the timekeeping system, to ensure all hours are recorded within.

Plan Of Action: With immediate effect, factory is to stop this illegal practice of using double-time cards and maintaining 2 sets of books. This is both illegal and in breach of the SEA standards; a warning letter will be issued if confirmed. Factory should review current OT practice and replace it with an effective timekeeping system that enables an automatic link to payroll, thus making sure all working hours are accurately recorded and paid accordingly. Management/HR/Personnel are to develop a method for tracking and monitoring the timekeeping system. Trainings on adidas working hour standards should be imparted to the entire workforce, especially for mid-level management (from local supervisors/line leaders to production managers). Any violation regarding double bookkeeping and/or practices that pay off the books will be subject to a disciplinary action. All training records should be self-maintained for future reference.

Deadline Date: 06/30/2010

Action adidas-Group September 2010 Comments:

Taken:

The practice of maintaining 2 sets of payroll and time cards, one for regular hours plus acceptable overtime, and the other for excessive overtime and Sunday work has ceased. At the time of visit, there is only 1 set of timekeeping records and payroll, which is consistent with production records and the software system. Workers interviewed also reported that they recorded their working hours by punching in and out every day.

1. Electronic timekeeping system (GP 8000) has been installed since August 1, 2009; it automatically links to payroll. From August to December 2010, factory had a 4-month trial for timekeeping system to ensure all records are correct (factory Personnel Officer checked daily time in and out records and then compared them with production records).

2. From January 2010 onward, GP 8000 system was effectively functioning. At time of visit, 25 of 25 selected sample workers have accurate time in and out records, along with proper payment in payroll.

3. No policy and procedure in place for tracking and monitoring timekeeping system. Also, no training on adidas Working Hour Standards or disciplinary action for violations, in regards to double bookkeeping or paying off the books.

Plan No

Complete:

Plan

Complete

Date:

Hours of Work: Overtime/Reduced Mandated Overtime

HOW.8 The employer shall demonstrate a commitment to reduce overtime and to enact a voluntary overtime system, including for overtime mandated to meet extraordinary business circumstances. (P)

Noncompliance

Explanation: Workers worked between 73 to 77 hours per week in June 2009 and between 69 to 76 hours per week in July 2009. Management did not provide a reason for the extra business circumstances that resulted in excessive overtime.

Plan Of Action:

1. Factory must establish an OT policy that clearly states that only a senior manager is able to approve OT. Any OT decisions made by a supervisor are against factory OT policy.
2. Factory should conduct the training regarding this policy. Any overriding of factory policy by supervisors should be subject to disciplinary action. A monthly OT report should be sent to adidas SEA for monitoring.
3. Management must create a tracking system that reviews workers' daily OT. Once a worker hits the 60-hour limit they should neither be allowed nor asked to work OT.
4. Factory should consult the "Working Hours Package" from the adidas Workplace Standards for reference.

Deadline Date: 06/30/2010

Action Taken: adidas-Group September 2010 Update:

1, 2, 3 and 4) Management still has not developed or implemented the working hour policy or put the overtime monitoring system in place. Also, no related training for workers. A review of working hour records from January to August 2010 reflected that 62% of the workforce worked more than 60 hours per week. Notably, 95% of workers worked up to 83.5 hours per week in January 2010. No system in place to ensure OT will be strictly monitored and managed.

Plan Complete: No

Plan Complete Date: